

## APPENDIX D: COMPREHENSIVE VALUATION PACKAGE PROTOCOL

### D-1 RESIDENTIAL APPRAISAL REQUIREMENTS

This section provides specific instructions to complete the Uniform Residential Appraisal Report (URAR).

#### Section 1 - Subject

This section provides the factual data to identify the property and the parties to the appraisal process. Information should be supplied by the client who engages the appraiser and other qualified parties, through public records and from local government records.

Field	Protocol
File Number	<ul style="list-style-type: none"> <li>Insert the FHA Case Number at the top right corner of the page.</li> </ul>
Property Address	<ul style="list-style-type: none"> <li>Provide the property street number and name, city, state and zip code for the property being appraised.</li> </ul>
Legal Description	<ul style="list-style-type: none"> <li>Enter the legal description of the property and its county. If the property address has not clearly been identified, enter a legal description. The four types of legal descriptions are: lot and block system, geodetail survey, government survey system and metes and bounds system. Attach this information as an addendum if the space provided is insufficient.</li> </ul>
Property Tax Information	<ul style="list-style-type: none"> <li>Enter the assessor's parcel number, tax year, the total amount of real estate taxes, including all relevant taxes (school district tax, fire district tax, etc.) and special assessment information. For newly constructed properties that have not been assessed, mark "N/A".</li> <li>Special assessments can include municipal bond debt for off-site improvements. The assessment can be expressed as a percentage of the assessor's opinion of market value.</li> </ul>
Ownership Information	<ul style="list-style-type: none"> <li>Enter the name of the current owner. The borrower may not be the current owner. Indicate who occupies the property: the owner, an occupant (if there is not an executed lease and owner does not live there), a tenant or if the property is vacant.</li> <li>Indicate if it is a HUD REO (real estate owned) property, in which case the property was foreclosed and HUD is the current owner.</li> </ul>
Property Rights Appraised	<ul style="list-style-type: none"> <li>Select the appropriate ownership rights for the subject property as of the date of appraisal. For HUD/VA mortgages, indicate the project type. Is it a Planned Unit Development or a Condominium?</li> <li>If there are monthly association dues to cover common property, enter this information in the HOAS/Mo. space. If the subject is a form of condominium ownership and maintained by an association, report the monthly fees in this space.</li> </ul>

Field	Protocol
Neighborhood or Project Name	<ul style="list-style-type: none"> <li>A neighborhood is defined as a group of complementary uses. Use judgment in describing the boundaries. Provide the factual information for the location of the property. Include the name of the subdivision, if applicable, or the local neighborhood designation. If the subject property is in a planned development, provide the name of the development. Provide map reference and census tract information. For properties located in an area without tract numbers, enter "N/A."</li> <li>The map reference is optional. Census tract numbers have ten digits. To reach the US Census Bureau, call 301-457-4608 Monday through Friday from 8:30 a.m. to 5:00 p.m. EST.</li> </ul>
Transaction Data	<ul style="list-style-type: none"> <li>Provide the agreed-on sales price, (accepted offer) date of sale, and all financial terms implicit in the offer and the pending sales contract. If unable to obtain this information, document all efforts to obtain it.</li> <li>If sales concessions are indicated, comment on any consequent effect on value.</li> </ul>
Lender/Client	<ul style="list-style-type: none"> <li>Enter the name and address of the individual and firm who engaged the appraisal. Generally, it is assumed that the lender is also the client. If the client is not the same person as the lender, include the client's name. If the client is the owner, enter "Client is Owner".</li> </ul>
Appraiser	<ul style="list-style-type: none"> <li>Enter the name and address of the appraiser(s) signing the certification of appraisal.</li> </ul>

## Section 2 - Neighborhood

This section should reflect the area surrounding the subject property and all changes in the neighborhood. The appraiser must inspect the location characteristics and surrounding properties and make determinations that will be incorporated into the valuation of the subject property. In all instances, the appraiser must check the most appropriate box for each line and characteristic. Failure to note conditions that may adversely affect the value of the property is poor appraisal practice and may violate the Uniform Standards of Professional Appraisal Practice.

Field	Protocol
Location	<ul style="list-style-type: none"> <li>Enter the type of area surrounding the subject property. When both "urban" and "declining" are checked, consider making a recommendation that the mortgage encumbering the property be insured under Section 223(e).</li> </ul>
Built-up	<ul style="list-style-type: none"> <li>Enter the built-up percentage – the percentage of available land that has been improved. Land such as a state park would not be considered available.</li> </ul>
Growth Rate	<ul style="list-style-type: none"> <li>Enter the growth rate. If many lots are available, the growth rate may be rapid, stable or slow, but if the neighborhood is fully developed, select the "stable" box.</li> </ul>

Field	Protocol
Property Values	<ul style="list-style-type: none"> <li>Check off the box describing the current trend in property values in the community. Comparing houses that have been sold and resold in recent years is an effective way to determine the market trends. Appraisers who use this method, however, should make sure to factor in any adjustments made to the property between sales.</li> </ul>
Demand/Supply	<ul style="list-style-type: none"> <li>Mark the appropriate demand/supply value. To determine the equilibrium status of supply and demand in the neighborhood, compare the number of houses sold to the number of houses listed for sale in a recent time period. The similarity or difference between the number of houses sold and listed, not the absolute numbers, should determine the demand/supply level.</li> </ul>
Marketing Time	<ul style="list-style-type: none"> <li>Mark the appropriate marketing time – the typical length of time a property similar to the subject property would have to stay on the market before being sold at a price near its market value.</li> </ul>
Predominant Occupancy	<ul style="list-style-type: none"> <li>Enter whether the neighborhood's predominant occupants are tenants or homeowners. The transient nature associated with tenants tends to decrease the property value of a given neighborhood. Also, check off the appropriate percentage to indicate the percentage of the properties in the neighborhood that are vacant.</li> </ul>
Single Family Housing	<ul style="list-style-type: none"> <li>Indicate the high and low neighborhood prices and ages, and what would be the predominant value and age.</li> </ul>
Present Land Use	<ul style="list-style-type: none"> <li>Estimate each type of land usage in the neighborhood. If there is no land in the neighborhood with one of the classifications, enter a “0” or a “-”. If a portion of the land consists of parks or other unspecified classifications, enter * and enter the actual percentages on the first line of the ‘Neighborhood Characteristics’ section.</li> </ul>
Land Use Change	<ul style="list-style-type: none"> <li>Select whether the land use is not likely, likely or in the process of changing. If a change is imminent or likely, detail what the future use will be. Changes in land use refer to conversion from one developed parcel use to another developed use and not for the development of previously vacant land.</li> <li>Explain any impact on value resulting from likely or in-process land use changes.</li> </ul>
Neighborhood Boundaries and Characteristics	<ul style="list-style-type: none"> <li>Provide a description of neighborhood boundaries and characteristics. Details regarding bordering street names and both physical and economic characteristics typical of the neighborhood will provide substantial details and understanding regarding neighborhood composition. A location map indicating subject location and comparables will also shed light on the neighborhood.</li> <li>NOTE: Race and the racial composition of the neighborhood are not appraisal factors.</li> </ul>

Field	Protocol
Factors that Affect Marketability	<ul style="list-style-type: none"> <li>Discuss factors that would attract residents or cause them to reject the neighborhood. These are typical factors important to discuss:</li> <li>Proximity to employment and amenities, including travel distance and time to local employment sources and community amenities</li> <li>Employment Stability, in terms of variety of employment opportunities and industries</li> <li>Appeal to Market regarding the overall appeal of the neighborhood as compared to competitive neighborhoods in the same market</li> <li>Convenience to Shopping with respect to distance, time and required means of transportation</li> <li>Convenience to School in terms of the distance and time for travel to school</li> </ul>
Market Conditions	<ul style="list-style-type: none"> <li>Discuss market conditions in the subject neighborhood that may have an effect on appraisal value.</li> </ul>

### Section 3 – Planned Urban Development (PUD)

The appraiser must complete this section if the subject property is a part of a Planned Unit Development. Otherwise, strike the section. A PUD is a project that includes common property and improvements owned and maintained by an owners' association for the use and benefit of the individual units in the subdivision.

Field	Protocol
Project Information	<ul style="list-style-type: none"> <li>Select whether or not the developer/builder is in control of the Home Owners' Association (HOA).</li> </ul>
Number of Units in Subject Project	<ul style="list-style-type: none"> <li>Enter the approximate total number of units in the subject project and the number of units currently for sale.</li> </ul>
Common Elements/ Recreation	<ul style="list-style-type: none"> <li>Describe the common areas and recreational facilities of the PUD, including all areas accessible for use by PUD owners.</li> </ul>

### Section 4 - Site

This information provides the description of the land underlying the subject property. Insert factual information on each of the lines provided and report the conclusions as directed. Consider all aspects of the physical description and reconcile them in the estimate of market value.

Field	Protocol
Dimensions	<ul style="list-style-type: none"> <li>List all dimensions of the site. If the shape of the site is irregular, show the boundary dimensions (85' X 150' X 195' X 250') and attach a sketch or legal description of the site.</li> </ul>
Site Area	<ul style="list-style-type: none"> <li>Enter the site area in square feet or acres.</li> </ul>
Corner Lot	<ul style="list-style-type: none"> <li>Enter "YES" or "NO".</li> </ul>

Field	Protocol
Zoning Classification	<ul style="list-style-type: none"> <li>Enter the zoning type used by the local municipality and describe the majority of uses permitted. For example: "Residential-Single Family" or "Residential One to Four Units"</li> <li>IMPORTANT: Do not use abbreviations; they vary among different communities.</li> </ul>
Zoning Compliance	<ul style="list-style-type: none"> <li>Determine whether the current use is in compliance with the zoning ordinances. Check whether it is Legal, Legal Non-Conforming, Illegal or No Zoning. Use "Historic," if applicable. If there is a non-conforming use, enter "Non-Conforming" and state whether it is a legal use that has been approved by the local zoning authority.</li> <li>If the existing property does not comply with all of the current zoning regulations (use, lot size, improvement size, off street parking, etc.) but is accepted by the local zoning authority, enter "Legal Non-Conforming". If the use is not legal, the property is not eligible for HUD mortgage insurance.</li> </ul>
Highest and Best Use	<ul style="list-style-type: none"> <li>This entry represents the highest and best use of the site in relation to the neighborhood and current market conditions.</li> <li>If current use represents the highest and best use, check "present use".</li> <li>If it does not, check "other use" and provide a detailed explanation.</li> </ul>
Utilities	<ul style="list-style-type: none"> <li>Check either the "Public" box or explain under "Other." Public utilities mean governmentally supplied and regulated. Public does not include any community systems sponsored, owned or operated by the developer or a private company not subject to government regulation or financial assistance.</li> <li>For individual and/or community systems, check "Other".</li> <li>If the electricity is underground, please state this on the form.</li> </ul>
Off-site Improvements	<ul style="list-style-type: none"> <li>Briefly describe the off-site improvements under "Type" and check Public or Private.</li> <li>The appraiser must state the type of all off-site improvements – streets, curbs, gutters, sidewalks, alleys and streetlights – and indicate whether they are publicly or privately maintained. For example: "Street-Asphalt; Public."</li> <li>Public refers to an improvement dedicated to and accepted by a unit of government – not including Home Owner's Associations.</li> </ul>
Topography	<ul style="list-style-type: none"> <li>Enter whether the lot is level or sloped. If the lot is sloped, estimate the slope degree.</li> </ul>
Size	<ul style="list-style-type: none"> <li>Enter descriptions such as typical, small or large. Compare the size of the structure to the typical size of competitive properties in the neighborhood. Explain all deficiencies, significant inadequacies and potential super adequacies and consider them in the estimate of value.</li> </ul>
Shape	<ul style="list-style-type: none"> <li>Enter the site configuration: triangular, square, rectangular or irregular. This entry must be consistent with the dimensions provided on the Dimensions Field.</li> </ul>

Field	Protocol
Drainage	<ul style="list-style-type: none"> <li>Enter whether Adequate or Inadequate. If Inadequate, be sure to explain and make requirement for correction on the VC form.</li> <li>Explain all deficiencies that do not require repair and consider them in the estimate of value.</li> </ul>
View	<ul style="list-style-type: none"> <li>Briefly describe the view from the property. Identify a view with a significant positive or negative influence on the value. Include a photograph if feasible.</li> </ul>
Landscaping	<ul style="list-style-type: none"> <li>Enter whether adequate or inadequate, relative to neighborhood.</li> <li>Explain all inadequacies and super adequacies and consider them in the estimate of value. For new construction, include a description of any landscaping included in the sale price.</li> </ul>
Driveway Surface	<ul style="list-style-type: none"> <li>Enter surface type such as concrete, asphalt or gravel.</li> <li>An all-weather surface is required. If it does not exist, mark it as a repair requirement on the VC.</li> <li>Explain all deficiencies that do not require repair (extreme slope, etc.) and consider them in the estimate of value.</li> </ul>
Apparent Easements	<ul style="list-style-type: none"> <li>Describe any apparent easements. Consider easements affecting the functional utility of the property in the conclusions of both the highest and best use and market value.</li> <li>If an easement adversely affects the subject property, note the effect in the Adverse Conditions field. Consider surface, sub-surface and overhead easements.</li> </ul>
FEMA Flood Hazard Area	<ul style="list-style-type: none"> <li>FEMA (Federal Emergency Management Agency) is responsible for mapping flood hazard areas. If any of the improvements on the property are within a Special Flood Hazard Area, mark "YES". Otherwise, mark "NO".</li> <li>Attach a copy of the flood map panel for properties located within flood plains.</li> </ul>
FEMA Zone	<ul style="list-style-type: none"> <li>If the property is in a FEMA Flood Hazard Area, enter the FEMA Zone and map date. Only properties within Special Flood Hazard Areas, such as zones "A" and "V", require flood insurance. Zones "B" and "C" do not.</li> </ul>
FEMA Map Number	<ul style="list-style-type: none"> <li>Enter the FEMA Map number and page number. If it is not shown on any map, enter "Not on FEMA Maps."</li> </ul>
Comments	<ul style="list-style-type: none"> <li>Enter any comments related to the site. For example, discuss apparent adverse easements, encroachments, special assessments, slide areas, illegal or non-conforming zoning use, etc.</li> <li>Discuss the observations with direct relationship to value and consider them in the final estimate of value.</li> </ul>

### Section 5 - Description of Improvements

This section describes the subject improvements. Enter factual information on each of the lines provided and report the conclusions. Consider all aspects of the physical description and reconcile them in the estimate of market value.

### General Description

Field	Protocol
Number of Units	<ul style="list-style-type: none"> <li>Enter the number of units being valued. The URAR is designed for 1 to 4 units. Otherwise, use the multi-family form.</li> </ul>
Number of Stories	<ul style="list-style-type: none"> <li>Enter the number of stories <i>above grade</i>, including half stories. Do not include the basement.</li> </ul>
Type (Detached/Attached)	<ul style="list-style-type: none"> <li>Fill in the Type, "Det" (Detached), "Att" (Attached), "S/D" (Semi-Detached) or "R" (Row).</li> </ul>
Design (Style)	<ul style="list-style-type: none"> <li>Enter a brief description of the house design style using historical or contemporary fashion. For example: Cape Cod, bi-level, split level, split foyer, town house, etc. Do not use builder's model name. Avoid generic descriptions such as Traditional or Conventional.</li> </ul>
Existing / Proposed	<ul style="list-style-type: none"> <li>Enter "E" (existing), "P" (proposed) or "UC" (under construction). A "P" or "UC" requires plans and specifications for the appraiser to review. If Rehabilitation, enter "REHAB" instead of "E" or "P".</li> </ul>
Age (Years)	<ul style="list-style-type: none"> <li>Enter the actual age, date of completion of the construction. Construction records may be helpful if available.</li> <li>If the property is less than two years old, include both the month and year completed.</li> <li>If it is over two years old, insert the completed year only.</li> </ul>
Effective Age (Years)	<ul style="list-style-type: none"> <li>Enter the effective age of the site. A range is acceptable. The effective age reflects the condition of the property relative to similar competitive properties. The effective age may be greater than, less than or equal to the actual age.</li> <li>Note any significant difference between the actual and effective ages and explain in the Comments section.</li> </ul>

### Exterior Description

The appraiser must address all visible deficiencies. Deferred maintenance and physical obsolescence must be considered in the valuation process.

Field	Protocol
Foundation	<ul style="list-style-type: none"> <li>Specify the type of material used for the foundation: poured concrete, concrete block, wood, etc.</li> </ul>
Exterior Walls	<ul style="list-style-type: none"> <li>Enter the type of construction material: aluminum, wood siding, brick veneer, porcelain, log, stucco, etc. If a combination of materials, show the predominant portion first.</li> </ul>
Roof Surface	<ul style="list-style-type: none"> <li>Enter material type used for roof surface: composition, wood, slate, tile, etc.</li> </ul>
Gutters and Downspouts	<ul style="list-style-type: none"> <li>Enter type: galvanized, aluminum, wood or plastic.</li> <li>If partial, state the location.</li> </ul>
Window Type	<ul style="list-style-type: none"> <li>Describe the type: double-hung, casement or sliding. Also, identify the window frame material: wood, aluminum, steel, vinyl, etc.</li> </ul>

Field	Protocol
Storm/Screens	<ul style="list-style-type: none"> <li>State if there are storm screens or not. Enter "YES", "NO" or "PARTIAL".</li> </ul>
Manufactured House	<ul style="list-style-type: none"> <li>Enter manufactured home (MH) or modular (MOD), or answer "NO" if neither.</li> <li>A manufactured mobile home must have the seal that signifies compliance with the Federal Manufactured Home Construction and Safety Standards.</li> </ul>

### Foundation

The appraiser must address all visible deficiencies and may require a recommendation for an inspection. Consider deferred maintenance and physical obsolescence in the valuation process. This statement links to the VC report, the valuation and the need for a full inspection.

Field	Protocol
Slab	<ul style="list-style-type: none"> <li>Enter "YES" or "NO". Indicate its percentage of total foundation.</li> </ul>
Crawl Space	<ul style="list-style-type: none"> <li>Enter "YES" or "NO". If partial, include percentage of floor area. Indicate its percentage of total foundation.</li> </ul>
Basement	<ul style="list-style-type: none"> <li>Enter "Full", "Partial" or "None". Indicate its percentage of total foundation.</li> </ul>
Sump Pump	<ul style="list-style-type: none"> <li>Enter "YES" or "NO".</li> </ul>
Dampness	<ul style="list-style-type: none"> <li>Enter "YES" or "NO". If damp, make requirement for correction in the VC segment.</li> </ul>
Settlement	<ul style="list-style-type: none"> <li>Enter "YES" or "NO". Provide a detailed explanation and check for cracks.</li> </ul>
Infestation	<ul style="list-style-type: none"> <li>Enter "YES" or "NONE APPARENT". Look for evidence of any type of insects and related damage. If there is any, require insect infestation inspection in the VC segment.</li> </ul>

### Basement

The appraiser is required to inspect the basement. Address all visible deficiencies which may require a recommendation for an inspection. Consider deferred maintenance and physical obsolescence in the valuation process. This statement links to the VC report, the valuation and the need for a full inspection.

Field	Protocol
Area Sq. Feet	<ul style="list-style-type: none"> <li>Enter square feet of basement area.</li> </ul>
% Finished	<ul style="list-style-type: none"> <li>Enter the percentage of basement square footage (figure above) that is finished. This is a percentage of total basement area that is finished, not a percentage of the ground floor area.</li> </ul>
Ceiling	<ul style="list-style-type: none"> <li>Enter material type: drywall, lath and plaster or celotex ceiling panels.</li> </ul>
Walls	<ul style="list-style-type: none"> <li>Enter material type: drywall, wood panel or cinder block.</li> </ul>
Floor	<ul style="list-style-type: none"> <li>Enter floor type: asphalt, tile or concrete. Comment if any part is earth.</li> </ul>
Outside Entry	<ul style="list-style-type: none"> <li>Enter "YES" or "NO". If "YES", use blank line below to describe what type of entry exists.</li> </ul>



### Insulation

If access is available, the appraiser must inspect the following components and note the observations. Note all irregularities in the type or presence of insulation in the Comments section .

Field	Protocol
Roof	<ul style="list-style-type: none"> <li>Make every effort to determine if insulation is present and the type. Enter R-factor or show depth and location. If the type cannot be determined, enter "Unknown". Do not guess.</li> <li>Comment whether the insulation is (G)ood, (A)verage, (F)air, (P)oor or (U)ndetermined.</li> </ul>
Ceiling	<ul style="list-style-type: none"> <li>Make every effort to determine the type. Enter R-factor or show depth and location. If the type cannot be determined, enter "Unknown". Do not guess.</li> <li>Comment whether the insulation is (G)ood, (A)verage, (F)air, (P)oor or (U)ndetermined.</li> </ul>
Walls	<ul style="list-style-type: none"> <li>Make every effort to determine the type. Enter R-factor or show depth and location. If the type cannot be determined, enter "Unknown". Do not guess.</li> <li>Comment whether the insulation is (G)ood, (A)verage, (F)air, (P)oor or (U)ndetermined.</li> </ul>
Floor	<ul style="list-style-type: none"> <li>Make every effort to determine the type. Enter R-factor or show depth and location. If the type cannot be determined, enter "Unknown". Do not guess.</li> <li>Comment whether the insulation is (G)ood, (A)verage, (F)air, (P)oor or (U)ndetermined.</li> </ul>
None	<ul style="list-style-type: none"> <li>Check this line if there is no insulation anywhere in the house.</li> </ul>
Unknown	<ul style="list-style-type: none"> <li>Check this line if unable to determine the presence of insulation.</li> </ul>

### Room List (General Information)

Field	Protocol
Room Grid	<ul style="list-style-type: none"> <li>Enter the appropriate square footage for each designated room area.</li> </ul>

Comments about room design and count should reflect local custom. A dining area built as an L-shape off the kitchen may or may not be considered a room depending on the size. To determine whether one or two rooms should be counted, hypothetically insert a wall to separate the two areas that have been built as one:

If the residents can use the resulting two rooms with the same or more utility without increased inconvenience, count the room as two.

If the hypothetical wall would result in a lack of utility and increased inconvenience, count the room as one.

This represents a hypothetical condition that must be reported in accordance with USAP.

The room count typically includes a living room (LR), dining room (DR), kitchen (KT), den (DN), recreation room (REC) and one or more bedrooms (BR). Typically, the foyer, bath and laundry room are not counted as rooms. A room is a livable area with a specific use.

The following definitions and terms may be useful as a guide:

Basement: generally, *completely below* the grade. (Do not count the basement in the finished gross living area at the grade level. Insert the size of the basement . The information must be consistent with the description in the Basement section.)

Foyer: the entrance hall of a house

Level 1: includes all finished living areas at grade level

Level 2: includes all finished living areas above the first level

Field	Protocol
Finished Area Above Grade Contains	<ul style="list-style-type: none"> <li>To complete this section, enter the total <i>number</i> of each room type at each level. DO NOT enter the dimensions.</li> </ul>

Enter total number of rooms, bedrooms, baths and square feet of Gross Living Area (above grade).

Attach a building sketch showing the Gross Living Area Above Grade, including all exterior dimensions of the house, patios, porches, garages, breezeways and other offsets. State “covered” or “uncovered” to indicate a roof or no roof (such as over a patio).

### Interior Materials/Condition

Enter the types of Materials and the Condition of the Materials (Good, Average, Fair, and Poor). Make every effort to describe accurately and explain "Fair" and "Poor" rating on Line 103. The rating must relate to the habitability of the house given local standards.

Field	Protocol
Floors	<ul style="list-style-type: none"> <li>Enter floor type — tile, hardwood, carpet — and note the condition.</li> </ul>
Walls	<ul style="list-style-type: none"> <li>Enter type of walls — plaster, drywall, paneled — and note the condition.</li> </ul>
Trim/Finish	<ul style="list-style-type: none"> <li>Enter type of molding — wood, metal, vinyl — and note the condition.</li> </ul>
Bath Floor	<ul style="list-style-type: none"> <li>Enter floor type - ceramic tile, vinyl, carpet. and note the condition.</li> </ul>
Bath Wainscot	<ul style="list-style-type: none"> <li>Enter type that protects walls from moisture — ceramic tile, fiberglass, etc. — and note the condition.</li> </ul>
Doors	<ul style="list-style-type: none"> <li>Enter type — wood, metal, etc. — and note the condition.</li> </ul>

### Heating

Field	Protocol
Type	<ul style="list-style-type: none"> <li>Enter type of heating system: hot water, steam, forced warm air, gravity warm air or radiant.</li> </ul>

Field	Protocol
Fuel	<ul style="list-style-type: none"> <li>Enter type of fuel used: coal, gas, oil or electric.</li> </ul>
Condition	<ul style="list-style-type: none"> <li>Enter condition of system. For example, enter Good, Average, Fair or Poor. If Fair or Poor rating, describe in Comments section.</li> </ul>

### Cooling

Field	Protocol
Central	Enter "YES" or "NO" to signify the status of central air-conditioning in the house.
Other	Describe any other permanent means of cooling in the house, except for central air conditioning: permanently affixed fans, zoned air-conditioning, etc.
Condition	Describe any adverse or irregular conditions of the cooling system in Comments section .

### Kitchen Equipment

Make an entry [X] in the boxes to indicate that these items exist. An entry in a box means that the item was considered part of the real estate and is included in the value. If an item is personal property, put a "P" in the box and do not include it in the estimate of value. Treat non-functioning equipment as existing, but as deferred maintenance in the valuation process.

Field	Protocol
Refrigerator	Enter "X" if this item exists. Enter "P" if personal property.
Range/Oven	Enter "X" if this item exists. Enter "P" if personal property.
Disposal	Enter "X" if this item exists. Enter "P" if personal property.
Dishwasher	Enter "X" if this item exists. Enter "P" if personal property.
Fan/Hood	Enter "X" if this item exists. Enter "P" if personal property.
Microwave	Enter "X" if this item exists. Enter "P" if personal property.
Washer/Dryer	Enter "X" if this item exists. Enter "P" if personal property.

### Attic

Describe any additional space - an attic, room above the garage, etc. - in terms of how it can actually be used. The essential question is whether it can be included in the above-grade living area. State the means of access and if it is heated and finished. Enter "X" if any of these items exist.

Field	Protocol
None	Enter "X" if none of the following items exist.
Stairs	Enter "X" if this item exists.
Drop Stair	Enter "X" if this item exists.
Scuttle	Enter "X" if this item exists.
Floor	Enter "X" if this item exists.
Heated	Enter "X" if this item exists.
Finished	Enter "X" if the attic is finished.

## Amenities

Field	Protocol
Number of Fireplaces	Enter "X" if this amenity exists and the Provide a specific number, if more than one.
Patio	Enter "X" if this amenity exists.
Deck	Enter "X" if this amenity exists.
Porch	Enter "X" if this amenity exists.
Fence	Enter "X" if this amenity exists.
Pool	Enter "X" if this amenity exists. Specify whether in-ground or above-ground. Above-ground pools are typically considered personal property and are not included in the value.

## Car Storage

Field	Protocol
None	If the property does not have a garage, carport or driveway, check "NONE".
Garage	<ul style="list-style-type: none"> <li>If there is a garage, designate whether it is "Attached", "Detached" or "Built-in" and indicate on the corresponding line the number of cars that may be parked.</li> <li>If there is a carport, enter the number of cars on the corresponding line. Also indicate whether it is attached to or detached from the home.</li> <li>If there is no garage or carport, but there is a driveway, state "YES" and enter the number of cars that can be reasonably parked in the driveway.</li> </ul>

## Comments

The completion of this section is critical to the estimate of market value. The appraiser must discuss all adverse conditions and observed physical and functional deficiencies noted above. If necessary, attach additional discussion in the addendum.

Field	Protocol
Additional Features	<ul style="list-style-type: none"> <li>Enter any additional features such as a pool size, special energy-efficient items, special fireplace features, other features not shown above or any other comments.</li> <li>Please elaborate on any special or unusual aspects of items.</li> </ul>
Condition of the Improvements	<ul style="list-style-type: none"> <li>Describe any physical, functional or external depreciation noted at the property.</li> <li>Provide a conclusion as to the overall condition of the improvements that is supported by the previous descriptive sections.</li> <li>Discuss any deficiencies or notable observations on attached pages, if necessary.</li> </ul>

Field	Protocol
Adverse Environmental Conditions	<ul style="list-style-type: none"> <li>List any adverse environmental conditions, including hazardous wastes, toxic substances and others.</li> <li>If the property was built before 1978 and there is evidence of cracking, chipping, peeling or loose paint, make this statement on lead-based paint: "Property built before 1978, lead-based paint corrective measures are required."</li> <li>Also, check the appropriate lead-based paint requirement in the VC Form.</li> </ul>

## Section 6 - Approaches to Value

### Cost Approach

If the subject property is new construction or the cost approach is recognized in the market as a basis for pricing, the appraiser must complete the cost approach and attach the following conclusions:

- land value
- cost new
- estimates of depreciation (curable and incurable)
- an estimate of value

Consider the value by the cost approach in the reconciliation of market value .

### Sales Comparison Analysis

In selecting comparables, use the bracketing method. Ideally, one of the comparables should be a little larger (200 sq. ft. to 300 sq. ft.); another a little smaller; and the third should be approximately the same size — generally within a hundred square feet of the subject. If this is not possible, the appraiser should explain why.

**DO NOT SELECT COMPARABLES BY SALES PRICE.** All adjustments must be extracted from the market. Do not make an adjustment unless it has a material effect on value. Explain the reason for making any adjustments for location, site/view or design/appeal. Avoid using three builder sales from the same subdivision, if possible.

In some areas of the country it is customary for the builder or seller to pay closing costs for the buyer and include them in the sales price of the property. In other areas, this may occur occasionally or not at all. In those rare market areas where closing costs are the responsibility of the seller and are always paid by the seller and included in the sales price, the appraiser must note this under "Special Limiting Conditions of the Appraisal" in the Reconciliation Block.

Do not use as market data sales that are not verified and adjusted to reflect the terms and conditions of sale. Always select the most similar comparables. Use older sales only if more recent ones are not available and be sure to explain in the "Comments" section why any comparable over six months old was used. The appraiser must always use sales within one year of the valuation date.

The value factors of Location, Site, View, Design/Appeal, Quality of Construction, Age, Condition and Functional Utility are all subjective factors that require subjective adjustments. Be careful that adjustments are reasonable and not excessive. If a property is overvalued, there is a high probability that the reason can be traced to an excessive adjustment somewhere in this section. Make adjustments only if the dissimilarity has a noticeable effect on the value. Small differences do not usually require adjustments. Always explain subjective adjustments.

### Transaction Data

The appraiser must verify the following information with one of the following sources:

- buyer
- seller
- broker
- other parties involved and fully knowledgeable about the sale
- available public records

Enter factual data in each line. Before making adjustments, the appraiser must be knowledgeable and must have inspected the sale property.

Field	Protocol
Address	<ul style="list-style-type: none"> <li>Enter the address that can be used to locate each property. Enter community, if needed, to identify property. For rural properties, list location by road name, nearest intersection and side road.</li> </ul>
Proximity to Subject	<ul style="list-style-type: none"> <li>Enter proximity of straight-line distance in miles; for example, "one tenth of a mile west of subject". If comparable distance from the subject is more than a generally accepted distance, be sure to explain why the sale is applicable in the "Comments" section.</li> </ul>
Sales Price	<ul style="list-style-type: none"> <li>Enter total amount paid by buyer, including extra cost.</li> </ul>
Price/Gross Livable Area	<ul style="list-style-type: none"> <li>Enter price per square foot for living area above grade.</li> </ul>
Data and/or Verification Source(s)	<ul style="list-style-type: none"> <li>Enter data and verification source name(s) or others: tax stamps, MLS, etc. This is the data source for the price and property information.</li> <li>Also show type of financing such as Conventional, FHA or VA.</li> </ul>

### Adjustments to Sales Price

Adjustments are made to the prices of the sale properties for price-influencing dissimilarities between each sale and the subject property. Not all dissimilarities require adjustment because not all dissimilarities achieve price differentials in the market. All adjustments must be supported by the actions of the market.

### Value Adjustments

Field	Protocol
Value Adjustments	<ul style="list-style-type: none"> <li>For each adjustment item, enter the description of the adjustment and whether it is an upward or downward adjustment.</li> </ul>

Field	Protocol
Sales or Financing Concessions	<ul style="list-style-type: none"> <li>Enter adjustment for sales concessions, if needed. Be sure to explain in "Comments" section and use Addendum if appropriate. Analyze all sales on a cash equivalent basis.</li> </ul>
Date of Sale/Time	<ul style="list-style-type: none"> <li>State the date of sale and enter the adjustment for changes in market conditions.</li> </ul>
Location	<ul style="list-style-type: none"> <li>Enter "Good", "Average" or "Fair", when compared to the subject and using the same standard as the subject. An adjustment for location in the same neighborhood is seldom justified.</li> </ul>
Leasehold/Fee Simple	<ul style="list-style-type: none"> <li>State whether the property was sold as fee simple or as a Leasehold Estate. An adjustment is required if the estate differs from the rights appraised for the subject property, and the difference is recognized by the local market.</li> </ul>
Site	<ul style="list-style-type: none"> <li>Enter the size of the lot. Make adjustments only for measurable differences. Small differences in lot sizes do not usually call for an adjustment if the size is typical.</li> <li>If necessary, consider the possibility of excess or surplus land.</li> </ul>
View	<ul style="list-style-type: none"> <li>Make adjustments only if the view is superior or inferior to the subject. A quality rating of (G)ood, (F)air or (P)oor is given here.</li> <li>If the subject has a superior view and adjustments are made, a photograph would be helpful.</li> </ul>
Design and Appeal	<ul style="list-style-type: none"> <li>Enter the style according to a description used by local custom and show appeal as (G)ood, (F)air or (P)oor. Adjustments are necessary for differences between the sale and the subject property.</li> </ul>
Quality of Construction	<ul style="list-style-type: none"> <li>Enter "Good", "Average" or "Fair" and the construction type: aluminum siding, wood siding, brick, etc. If a combination, show the predominant material first, such as brick/frame if it is mostly brick. Adjustments may also be warranted for interior construction quality and should be explained and justified.</li> </ul>
Age/Condition	<ul style="list-style-type: none"> <li>Enter the age of the subject and each comparable sale.</li> <li>Enter the condition of the subject and comparable</li> <li>The adjustment for condition is typically required. Consider an adjustment in either age or condition. There is the tendency to duplicate the required adjustment when applied in each category. Consider any assumed repairs to the structure and the roof when determining the need for adjustments to the sales. Consider the conditions reported on the VC Form in making any adjustments.</li> </ul>

Field	Protocol
Above Grade Room Count	<ul style="list-style-type: none"> <li>Enter room count, consistent with the description of improvements on the front of the URAR . Commonly, three adjustments may be entered:               <ul style="list-style-type: none"> <li>The first may be an adjustment for "expendable space", such as a bath. A deficiency in the number of baths should be adjusted first.</li> <li>The second is a separate adjustment for a difference in square feet.</li> <li>The third is an adjustment for room count.</li> </ul> </li> <li>These can be individual or separate adjustments that have been combined. All should be extracted from the market. But room count and bath adjustments should be on one line and square foot adjustment for size on another line.</li> <li>Explain any property that has an adjustment in both square feet and room count.</li> <li>Break down combination adjustments in the "Comments" section.</li> </ul>
Gross Living Area	<ul style="list-style-type: none"> <li>Enter the total square footage of the above grade living areas.</li> </ul>
Basement & Finished Rooms Below Grade	<ul style="list-style-type: none"> <li>Enter the type of improvements in the basement: bedroom, recreation room, laundry, etc. Include other fully or partially below grade improvements found in the subject property or comparables.</li> <li>Make appropriate adjustments to reflect differences between the comparables and the subject property.</li> <li>Explain any special features.</li> <li>Show number of square feet of <i>finished</i> area.</li> </ul>
Functional Utility	<ul style="list-style-type: none"> <li>Enter "Equal", "Superior" or "Inferior" as a total of the items rated in the Improvement Analysis compared to the subject. Use the "Comments" section frequently and explain special features.</li> <li>The category of functional utility typically is the place to deduct for functional obsolescence observed in the subject, recorded on Page 1 and not found in the comparables.</li> <li>Extract dollar adjustments from the market. For example, a poor floor design that includes two bedrooms so that the entrance to one is gained by passing through the other typically requires a negative adjustment for functional obsolescence. In such a case, the second bedroom would not be counted as a bedroom.</li> </ul>
Heating/ Cooling	<ul style="list-style-type: none"> <li>Enter an adjustment for differences in building systems or condition.</li> </ul>
Energy Efficient Items	<ul style="list-style-type: none"> <li>Enter an adjustment for any energy efficient items: storm windows and doors, solar installations, replacement windows, etc.</li> </ul>
Garage/ Carport	<ul style="list-style-type: none"> <li>Enter an adjustment for car storage. Calculate adjustments in accordance with market acceptance of carport value versus garage and size (one car, two cars, etc.).</li> </ul>
Porch, Patio, Deck, Fireplace(s), etc.	<ul style="list-style-type: none"> <li>Enter an adjustment for these features. Base any adjustments on local market expectations. If a lump sum adjustment is offered for multiple amenities, break it down in the "Comment" section.</li> </ul>



Field	Protocol
Fence, Pool, etc.	<ul style="list-style-type: none"> <li>Enter appropriate adjustments. For example, a pool located in an area that expects pools might bring a dollar premium in comparison to a comparable without a pool.</li> </ul>
Net Adjusted (Total)	<ul style="list-style-type: none"> <li>Check either [+] or [-] box to indicate if the total net adjustments will increase or decrease the value and note by how much. If any adjustment is excessive, review the comparables to determine if the best ones were selected. If the total adjustments appear excessive in relation to the sale price ; the appraiser should reexamine the comparability of that sale.</li> <li>Explain any adjustment that appears to be excessive.</li> </ul>
Adjusted Sale Price of Comparable	<ul style="list-style-type: none"> <li>Total all of the adjustments and add them to or subtract them from the sales price of each comparable. Generally, adjustments should not exceed 10% for line items, 15% for net adjustments and 25% for gross adjustments.</li> </ul>
Comments on Sales Comparison	<ul style="list-style-type: none"> <li>Please comment on the Sales Comparison section, including the subject property's compatibility to the neighborhood, specific characteristics of the sales that affect the adjustment process, etc. The analysis must be reported and the effect concluded.</li> </ul>
Date, Price and Data for Prior Sales Within One Year of Appraisal	<ul style="list-style-type: none"> <li>This is in accordance with USPAP standards, which requires the appraiser to consider and analyze any prior sales of the property being appraised and the comparables that occurred within one year of the date of appraisal.</li> </ul>
Further Analysis	<ul style="list-style-type: none"> <li>Provide an analysis of any current agreement of sale, option or listing of the subject property and analysis of any prior sales of subject and comparables within one year of the date of appraisal.</li> </ul>
Indicated Value by Sales Comparison Approach	<ul style="list-style-type: none"> <li>Upon the basis of the adjusted data, enter the indicated value of the subject.</li> <li>DO NOT arbitrarily select the adjusted sales price that is midway between the lowest and highest adjusted sales price.</li> <li>DO NOT average the comparable sale prices to arrive at an Indicated Value.</li> <li>The final estimate of market value must be supported by the actions of the market.</li> </ul>

### Income Approach

In a single-family residential property, the income approach is generally not recognized as a basis for buying by the market. The approach typically provides minimal applicability in the estimate of market value.

If a three- or four-unit building is being appraised, the appraiser has attached the valuation by the income approach to the addenda of this report. When used, show the gross rent from each of the comparables at the bottom of the form under "Final Reconciliation."

For example:

Comp. #1 Gross Rent = \$1,000 (GRM 110); Comp. #2 Gross Rent = \$1,200 (GRM 108), ...

To determine the appropriate gross rent multiplier to use, follow the same procedure as in the market approach. Select a GRM based upon comparable rentals. Be sure to explain the information.

The appraiser must also analyze and report on current market conditions and trends that will affect projected income or the absorption period to the extent these conditions affect the value of the subject property. This information should be consistent with the neighborhood information on the front of the URAR .

Field	Protocol
Indicated Value by Income Approach	<ul style="list-style-type: none"> <li>Select and enter the indicated value by the income approach.</li> </ul>

### Section 7 - Reconciliation

The appraiser must consider all appropriate approaches and all information relevant to the subject property and the market conditions in the estimate of market value.

Field	Protocol
Market Value "As Is" or "Subject to Completion per Plans"	<ul style="list-style-type: none"> <li>Check the box marked "as is" or "subject to completion per plans and specifications".</li> <li>Use the "as is" value only if there are no repairs required or if the property is being rejected. If the property is being rejected, the appraiser must provide an "as is" value.</li> <li>The value "subject to completion per plans and specifications" must be consistent with the expected date of completion of the construction. State any assumptions that affect the premise of completion and the resulting value.</li> </ul>
Market Value, "Subject to Repairs"	<ul style="list-style-type: none"> <li>The value "subject to repairs, alterations, inspections or conditions listed" must reflect consistency between the development of the approaches to value and the final estimate of value.</li> <li>The appraisal is completed "as repaired". The appraiser must indicate the extent of repairs and also note this in the Valuation Condition Form of the appraisal. Only required repairs will be completed, and the market value must reflect the existing physical characteristics.</li> <li>Report any special circumstances or unique agreements and consider them in the reported value estimate.</li> </ul>

Field	Protocol
Conditions of Appraisal	<ul style="list-style-type: none"> <li>In addition to any comments that the appraiser wants to make, the appraiser should enter taxes and insurance expenses and condominium or PUD common expenses as appropriate. The appraiser must also enter any Limiting Conditions.</li> </ul>
Final Reconciliation	<ul style="list-style-type: none"> <li>This entry should contain the appraiser's reasoning for arriving at the final value.</li> </ul>
Date of Value	<ul style="list-style-type: none"> <li>Enter the date when the property was inspected.</li> </ul>
Appraiser Signature	<ul style="list-style-type: none"> <li>The appraiser who performed the appraisal must sign the form.</li> </ul>
Appraiser Name	<ul style="list-style-type: none"> <li>The appraiser who performed the appraisal must print his or her name.</li> </ul>
Date Report Signed	<ul style="list-style-type: none"> <li>Enter the date when the appraiser signed the report.</li> </ul>
State Certification	<ul style="list-style-type: none"> <li>Enter the appropriate and valid State Certification number.</li> </ul>
State License	<ul style="list-style-type: none"> <li>Enter the appropriate and valid State License number and state.</li> </ul>
Supervisory Appraiser	<ul style="list-style-type: none"> <li>The FHA Register appraiser must use this portion of the form for all required information and is always required to inspect the property.</li> </ul>

### Attachments

The appraiser must do the following:

- State in the space provided in the Final Reconciliation section: "See attached appraiser's certification and Statement of Limiting Conditions."
- Attach a copy of these certifications and limiting conditions to all copies of the appraisal report, or the report is not valid for HUD use.
- Clearly and distinctly discuss any additional or different limiting conditions to those provided in this Handbook.
- Attach any valuation detail and support for estimates of value by the Cost and Income approaches.
- Provide attachments for any observations of the physical aspects of the property that lead to a recommendation for a physical inspection.

Attach the following to the URAR :

- the appraiser's certification
- the statement of limiting conditions that HUD has adopted
- the certification number or license number and expiration date

Then forward the complete appraisal package to the lender.

Field	Protocol
Definition of Market Value	"The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus."

### **Statement of Limiting Conditions and Appraiser's Certification - Contingent and Limiting Conditions**

The appraiser's certification that appears in the appraisal report is subject to the following conditions: If the appraisal is based on a condition different or contrary to the conditions listed below, full disclosure of the differing limiting condition must be inserted and made known in the value estimate. Any value-influencing limiting conditions must be cited with the reporting of the estimate of market value.

Field	Protocol
Matters of a Legal Nature	The appraiser will not be responsible for matters of a legal nature that affect either the property being appraised or the title to it. The appraiser assumes good and marketable title and responsible ownership. If applicable, the appraiser must specifically change this limiting condition and address the limitations in the reconciliation of market value.
Sketch of Improvements	A sketch showing the approximate dimensions of the improvements has been provided in the report. If a sketch is not provided, the appraiser must report the lack of information to develop the sketch. Additional visual aides, such as photographs and brochures, are recommended as attachments.
Special Flood Hazard Area	The appraiser has examined available flood maps and has noted whether the property is located in a Special Flood Hazard Area. A copy of the flood map is attached to the appraisal report for any properties in a floodplain.
Court Testimony	The appraiser is not required to give testimony or appear in court because he/she performed the appraisal unless specific arrangements have been made beforehand.
Adverse Conditions	The appraiser has noted in the report any adverse conditions he/she has found. In addition, the appraiser has no knowledge of hidden conditions that would decrease the value of the property. Any observation or knowledge of adverse conditions must be reported and made apparent to the reader of the appraisal report.
Highest and Best Use Value	The appraiser has estimated the value of the land in the cost approach at its highest and best use and the improvements at their contributory value. These separate valuations of the land and improvements must not be used in conjunction with any other appraisal and are invalid if they are so used.

<b>Field</b>	<b>Protocol</b>
True and Correct Sources	The information that the appraiser used in the report was all from sources that he/she considers true and correct.
Disclosure of Contents	The appraiser will disclose the contents within the appraisal only as provided for in the USPAP.
Subject to Completion of Repairs	The appraiser has based his/her appraisal report and valuation conclusion for an appraisal that is subject to satisfactory completion, repairs, or alterations on the assumption that completion of the improvements will be performed in a workmanlike manner.
Distribution of the Appraisal Report	The appraiser must provide his/her prior written consent before the lender/client may distribute the appraisal report to anyone other than those that are outlined in the URAR.

### **Appraiser's Certification**

The appraiser must sign and certify that the following statements are true in the development and reporting of market value in this appraisal report. The appraiser must attach additional certification, if applicable, to meet specific reporting requirements for professional organizations and state certification and licensing.

<b>FIELD</b>	<b>Protocol</b>
Sales Comparison Analysis	The statement affirms the process in which the appraiser performed the Sales Comparison Analysis. After comparing properties to the subject, the appraiser certifies that he/she made financial adjustments based on the market to determine an appropriate price for the subject property.
Factors that Impact Value	The appraiser has considered all factors that impact value and has not knowingly withheld any significant information from the report. The appraiser has reported true and correct information for all factors.
Personal, Professional Analysis	All stated information in the report is the personal, unbiased and professional analysis, opinions and conclusions of the appraiser.
Interest in the Property/ Discrimination Clause	The appraiser has no interest in the property and has not performed the appraisal in any way on the basis of the race, color, religion, sex, handicap, familial status or national origin of either the prospective owners or occupants of the subject property or those properties in the vicinity of the subject.
Present or Future Interest in the Property	The appraiser has no present or contemplated future interest in the subject property, and neither employment nor compensation is contingent on the appraised value of the property.
Predetermined Value	The appraiser was not required to report a predetermined value and was not encouraged to report a value that favors the cause of the client or any related party.

<b>FIELD</b>	<b>Protocol</b>
USPAP Conformity	The appraisal was conducted in conformity with the Uniform Standards of Professional Appraisal Practice. An estimate of reasonable time for exposure in the open market is a condition in the definition of market value and is consistent with the reported estimate of Exposure Period on the URAR .
Interior and Exterior Inspection	The appraiser has inspected both the interior and exterior of the subject property and the exterior of all comparable sales analyzed and has noted any apparent adverse conditions in the report.
Professional Assistance	If the appraiser had significant professional assistance in the performance of the appraisal or the preparation of the report, he/she must name the individuals providing significant professional assistance and disclose the tasks performed by these people.
Professional Assistance	The appraiser must note any individual providing significant professional assistance in the reconciliation.
Appraiser Signature	In regards to certification and agreement with the Appraiser's Certification, the appraiser who performed the appraisal must sign in this field.
Appraiser Name	The appraiser must print his/her name.
Date Signed	The date that the appraiser certifies and agrees to the Appraiser's Certification should be entered in this field.
State Certification Number	The appraiser must enter the appropriate and valid State Certification number.
State License Number	The appraiser must enter the appropriate and valid State License number (if applicable)
Expiration Date of Certification or License	Enter the date State Certification or License Number expires.

## **D-2 VALUATION CONDITION REQUIREMENTS**

This section describes the specific conditions of the subject property that the appraiser must review and note in the Valuation Conditions Form of the Comprehensive Valuation Package. The physical condition of existing building improvements is examined at the time of appraisal to determine whether repairs, alterations or additions are necessary - essential to eliminate conditions threatening the continued physical security of the property. Required repairs will be limited to necessary requirements commonly referred to as the three S's Rule:

- preserve the continued marketability of the property (**Saleability**)
- protect the health and safety of the occupants (**Safety**)
- protect the security of the property (**Security**)

These are typical conditions that require repairs or replacements:

- termite damage

- damaged, inoperative or inadequate plumbing, heating or electrical systems
- broken or missing fixtures
- rotten or worn-out counter tops
- any structural failure in framing members
- leaking or worn-out roofs
- defective paint surfaces
- masonry and foundation damage
- drainage problems
- damaged floors worn through to the finish
- broken plaster or sheetrock

The appraiser must review each of the conditions specified below and note "YES" if any of the deficiencies exist and "NO" if they do not exist, except for VC-1. Unlike the other VC's, where a "YES" mark indicates a limiting condition on the appraisal, in VC-1, "YES" renders the property ineligible and the appraisal must be returned to the lender. Guidelines are set forth below to assist in the examination of the property. To perform this analysis, the appraiser must have full access to all areas listed.

If unable to visually evaluate the improvement in their entirety, return the appraisal to the lender until a complete visual inspection can be performed. The appraiser is not required to disturb insulation, move personal items, furniture, equipment, plant life, soil, snow, ice or debris that obstructs access or visibility.

An inspection done in accordance with the guidelines listed below is visual and is not technically exhaustive. These guidelines are applicable to buildings with four or less dwellings units and their garages or carports. This inspection does not offer warranties or guarantees of any kind.

#### **LOCATION CONSIDERATIONS**

This section considers the evidence of hazards. Hazards, as defined below, endanger the health and safety of the occupants and/or marketability of the property.

#### **VC-1 Location Hazards And Nuisances**

The appraiser must note and comment on all hazards and nuisances affecting the subject property. These hazards endanger the health and safety of the occupants and/or the marketability of the property, including subsidence/sink holes, slush pits, heavy traffic areas, airport noise and hazards, proximity to high-pressure gas or petroleum lines, immediate proximity to overhead high-voltage transmission lines, smoke, fumes, offensive noises and odors.

For detailed descriptions of these hazards, see Chapter 2-2, Special Neighborhood Hazards and Nuisances, in this Handbook. These hazards will render a property ineligible, and the appraisal should be returned to the lender.

Field	Protocol
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Field	Protocol
Subsidence/Sink holes (Handbook Chapter 2-2 C)	<ul style="list-style-type: none"> <li>If there is surface evidence of subsidence, the location is <b>ineligible</b>.</li> <li>Mark "YES" in the VC.</li> </ul>
Operating oil or gas wells within 300 feet of existing construction (Handbook Chapter 2-2 D)	<ul style="list-style-type: none"> <li>If the property is located closer than 300 feet from an active or planned drilling site, the location is <b>ineligible</b>.</li> <li>Mark "YES" in the VC.</li> </ul>
Operating oil or gas wells within 75 feet of new construction (Handbook Chapter 2-2 D)	<ul style="list-style-type: none"> <li>If the property is built within 75 feet of an operating well, the location is <b>ineligible</b>.</li> <li>Mark "YES" in the VC.</li> </ul>
Abandoned oil or gas wells within 10 feet of new or existing construction without a letter from State agency (Handbook Chapter 2-2 D)	<ul style="list-style-type: none"> <li>If the property is located closer than 10 feet from an abandoned well, the location is <b>ineligible</b>.</li> <li>Mark "YES" in the VC.</li> </ul>
Slush Pits (Handbook Chapter 2-2 E)	<ul style="list-style-type: none"> <li>If a property is proposed near an active or abandoned well, call for a survey to locate the pits and their impact on the subject property.</li> <li>If there is any readily observable evidence of a slush pit, the location is <b>ineligible</b>.</li> <li>Mark "YES" in the VC.</li> </ul>
Excessive noise or hazard from heavy traffic area (Handbook Chapter 2-2 F)	<ul style="list-style-type: none"> <li>If there is excessive noise or unsafe traffic conditions that endangers the occupants or affects the marketability of the property the location may be <b>ineligible</b>.</li> <li>Mark "YES" in the VC.</li> </ul>
New and proposed construction in Runway Clear Zone (Handbook Chapter 2-2 I)	<ul style="list-style-type: none"> <li>If the property is proposed construction or construction existing less than one year and located within a Runway Clear Zone, (Runway Protection Zone), for civil airports or a Clear Zone at military airfields, the location is <b>ineligible</b>.</li> <li>Mark "YES" in the VC.</li> </ul>
High-pressure gas or petroleum lines within 10 feet of property (Handbook Chapter 2-2 I)	<ul style="list-style-type: none"> <li>If the property is less than ten feet from the outer boundary of a pipeline easement, the location is <b>ineligible</b>.</li> <li>Mark "YES" in the VC.</li> </ul>
Overhead high-voltage transmission lines within engineering (designed) fall distance (Handbook Chapter 2-2 J)	<ul style="list-style-type: none"> <li>If the property is located in the fall zone (tower height) of high voltage transmission lines, the location is <b>ineligible</b>.</li> <li>Mark "YES" in the VC.</li> </ul>
Excessive hazard from smoke, fumes, offensive noises or odors (Handbook Chapter 2-2 K)	<ul style="list-style-type: none"> <li>If excessive smoke, fog, chemical fumes or noxious odors result in hazards to the occupants, the location is <b>ineligible</b>.</li> <li>Mark "YES" in the VC.</li> </ul>



Field	Protocol
New and proposed construction in Special Flood Hazard Area (Handbook Chapter 2-2 L)	<ul style="list-style-type: none"> <li>• If any portion of new or proposed construction is located within the 100-year floodplain, the location is <b>ineligible</b> unless a LOMA or LOMR is submitted.</li> <li>• Mark "YES" in the VC.</li> </ul>
Stationary storage tanks containing more than 100 gallons of flammable or explosive material (Handbook Chapter 2-2 M)	<ul style="list-style-type: none"> <li>• If the property is within 300 feet of a stationary, storage tank containing more than 100 gallons of flammable or explosive material, the location is <b>ineligible</b>.</li> <li>• Mark "YES" in the VC.</li> </ul>

### PROPERTY CONSIDERATIONS

Any deficiency noted as "YES" is a limiting condition in the appraisal. Each condition requires repair or further inspection. The appraisal is prepared "as-repaired" and the valuation is limited by those noted conditions. For the mortgage to be eligible for FHA insurance, these conditions must be satisfied before closing.

### VC-2 Soil Contamination

Field	Protocol
On-site septic system shows readily observable evidence of system failure (Handbook Chapter 3-6 A.3)	<ul style="list-style-type: none"> <li>• Visually inspect the septic system and its surrounding area.</li> <li>• If there are obvious or readily observable signs of system failure, require further inspection to ensure that the system is in proper working order.</li> <li>• Mark "YES" in the VC, condition the appraisal on the inspection or repair and prepare the appraisal "as-repaired" subject to satisfaction of the condition.</li> </ul>
Surface evidence of an Underground Storage Tank (UST) on site (Handbook Chapter 3-6 A.3)	<ul style="list-style-type: none"> <li>• If there is any readily observable evidence of underground storage tanks, make a requirement for further analysis.</li> <li>• Mark "YES" in the VC, condition the appraisal on that requirement and prepare the appraisal "as-repaired" subject to the satisfaction of the condition.</li> </ul>
Proximity to dumps, landfills, industrial sites or other locations that could contain hazardous materials (Handbook Chapter 3-6 A.3)	<ul style="list-style-type: none"> <li>• Note the proximity to dumps, landfills, industrial sites or other locations that could contain hazardous wastes.</li> <li>• If there is readily observable evidence of hazardous substances in the soil, make a requirement for further analysis. Conditions that could indicate soil contamination include pools of liquid, pits, ponds, lagoons, stressed vegetation, stained soils or pavement, drums or odors.</li> <li>• If any of these conditions exist, the appraiser should call for an environmental assessment.</li> <li>• Mark "YES" in the VC, condition the appraisal on an environmental assessment and prepare the appraisal "as-repaired" subject to the satisfaction of the condition.</li> </ul>

Field	Protocol
Presence of pools of liquid, pits, ponds, lagoons, stressed vegetation, stained soils or pavement, drums or odors (Handbook Chapter 3-6 A.3)	<ul style="list-style-type: none"> <li>• If there is readily observable evidence of on-site contamination, make a requirement for further inspection.</li> <li>• Mark "YES" in the VC, condition the appraisal on the inspection or repair and prepare the appraisal "as-repaired" subject to satisfaction of the condition.</li> </ul>

### VC-3 Grading and Drainage

Field	Protocol
Grading does not provide positive drainage from structure (Handbook Chapter 3-6 A.4)	<ul style="list-style-type: none"> <li>• Examine the subject property to determine if there is proper grading and drainage. Proper drainage may include gutters and downspouts or appropriate grading or landscaping to divert the flow of water away from the foundation.</li> <li>• If the grading does not provide positive drainage from the structure, make a repair requirement.</li> <li>• Condition the appraisal on the requirement, mark "YES" in the VC and prepare the appraisal "as repaired" subject to satisfaction of the condition.</li> </ul>
Standing water proximate to structure (Handbook Chapter 3-6 A.4)	<ul style="list-style-type: none"> <li>• Note any readily observable evidence of standing water near the property that indicates improper drainage.</li> <li>• If the standing water is problematic, make a repair requirement, condition the appraisal on the requirement, mark "YES" in the VC and prepare the appraisal "as repaired" subject to this condition.</li> </ul>

### VC-4 Well, Individual Water Supply and Septic

Field	Protocol
Property lacks connection to public water (Chapter 3-6 A.5)	<ul style="list-style-type: none"> <li>• Note the source of domestic water.</li> <li>• If the property is already connected to a public system, mark "NO" in the VC form.</li> <li>• If the property is equipped with a well, determine whether connection to a public system is feasible.</li> <li>• If connection is feasible (3% or less of the estimated value of the property), hookup is MANDATORY. Condition the appraisal on connection to hookup, mark "YES" in the VC and prepare the appraisal "as-repaired" subject to the satisfaction of that condition.</li> <li>• For wells, condition the appraisal on the water-testing requirement.</li> </ul>

Field	Protocol
Property lacks connection to public water (Chapter 3-6 A.5)	<ul style="list-style-type: none"> <li>• If a dug well serves the property, mark "YES" in the VC, condition the appraisal on further inspection by the lender and prepare the appraisal "as-repaired" subject to the satisfaction of the condition.</li> <li>• Note the distance between any source of pollution and a domestic well. A domestic well must be a minimum of 50 feet from a septic tank, 100 feet from the septic tank's drainfield and a minimum of 10 feet from any property line.</li> <li>• If the above conditions do not hold, condition the appraisal on inspection and/or repair and prepare the appraisal "as-repaired" subject to satisfaction of the condition.</li> <li>• If there are mechanical chlorinators or water-flow that decreases noticeably while running simultaneous plumbing fixtures, mark "YES" in the VC, condition the appraisal on further inspection and prepare the appraisal "as-repaired" subject to satisfaction of the condition.</li> </ul>
Property lacks connection to public/ community sewer system (Handbook Chapter 3-6 A.5)	<ul style="list-style-type: none"> <li>• Note the sewage connection—public/community or septic.</li> <li>• If property is already connected to a public system, mark "NO" in the VC form.</li> <li>• Determine whether connection to a public system is feasible.</li> <li>• If connection is feasible, hookup is MANDATORY. Condition the appraisal upon its hookup, mark "YES" in the VC and prepare the appraisal "as-repaired" subject to the satisfaction of the condition.</li> <li>• If the property is served by dug wells, springs, lakes, cisterns or rivers, it is <b>ineligible</b>. Mark "YES" in the VC and explain.</li> </ul>

### VC-5 Wood Destroying Insects

Field	Protocol
Structure and accessory buildings are ground level and/or wood is touching ground (Handbook Chapter 3-6 A.6)	<ul style="list-style-type: none"> <li>• If yes, require a pest inspection, mark "YES" in VC-5, condition the appraisal on that requirement and prepare the appraisal "as-repaired" subject to the satisfaction of the condition.</li> </ul>

Field	Protocol
The house and/or other structures within the legal boundaries of the property indicate evidence of active termite infestation (Handbook Chapter 3-6 A.6)	<ul style="list-style-type: none"> <li>Examine the subject property for readily observable evidence of wood boring insect infestation and excessive dampness or large areas where the vegetation is dead.</li> <li>Indications that a licensed pest control professional should be required for an inspection of the subject property include mud tunnels running from the ground up the side of the house, swarms around wood structures and small piles of wings around windows.</li> <li>If the above conditions exist, make the requirement for a termite inspection from a licensed pest control contractor, condition the appraisal on the requirement, mark "YES" in the VC and prepare the appraisal "as-repaired" subject to the satisfaction of the condition.</li> <li>Do not require a pest inspection based solely on the age of a property. Inspections are necessary whenever there is evidence of decay, pest infestation, suspicious damage or when it is customary to the area or required by state law.</li> </ul>

### VC-6 Private Road Access and Maintenance

Field	Protocol
Property inaccessible by foot or vehicle (Handbook Chapter 3-6 A.7)	<ul style="list-style-type: none"> <li>All roads must have vehicular and pedestrian access.</li> <li>If the property is inaccessible by foot or by vehicle, mark "YES" in the VC, make a repair requirement and prepare the appraisal "as-repaired" subject to the satisfaction of the condition.</li> </ul>
Property accessible only by private road or drive (Handbook Chapter 3-6 A.7)	<ul style="list-style-type: none"> <li>In all cases where a private road exists, submit evidence that the road is protected by a permanent recorded easement (non-exclusive, non-revocable roadway, driveway easement without trespass from the property to a public street/road) and that there is an acceptable maintenance agreement recorded on the property or that is owned and maintained by a Home Owners Association (HOA).</li> <li>If there is no such easement, mark "YES" in the VC, condition the appraisal on attaining the easement and prepare the appraisal "as-repaired" subject to the satisfaction of the condition.</li> </ul>
Property is not provided with an all-weather surface (gravel is acceptable) (Handbook Chapter 3-6 A.7)	<ul style="list-style-type: none"> <li>FHA defines all-weather surface as a road surface over which emergency vehicles can pass in all types of weather.</li> <li>If the property is not provided with an all-weather surface, condition the appraisal on its repair, mark "YES" in the VC and prepare the appraisal "as-repaired" subject to satisfaction of the condition.</li> </ul>

### VC-7 Structural Conditions

This chapter addresses the structural components of the subject property and the effect that their condition may have on the habitability and enjoyment of the property (Chapter 3-6). An appraiser must examine the flooring, framing, walls, ceiling, attic and roofing for structural soundness. The appraiser will examine the following conditions:

Field	Protocol
Floor Support Systems (Handbook Chapter 3-6 A.8)	<ul style="list-style-type: none"> <li>Examine the flooring/joists for any signs of water leakage or damage, holes, large cracks in concrete slabs, leakage and readily observable evidence of rodent or termite infestation/damage, temporary supports or jacks or piers.</li> <li>If these conditions exist, condition the appraisal on their repair, mark "YES" in the VC and prepare the appraisal "as-repaired" subject to the satisfaction of the condition.</li> </ul>
Framing/ Walls/Ceiling (Handbook Chapter 3-6 A.8)	<ul style="list-style-type: none"> <li>Examine all framing, walls and ceilings for soundness, significant cracks that are visible in the exposed portions of the walls and could effect structure, gaping holes and significant water damage.</li> <li>If these conditions exist, condition the appraisal on their repair, mark "YES" in the VC and prepare the appraisal "as-repaired" subject to the satisfaction of the condition.</li> </ul>
Attic (Handbook Chapter 3-6 A.8)	<ul style="list-style-type: none"> <li>Enter the attic and observe the interior roofing for insulation, deficient materials, leaks or readily observable evidence of significant water damage, structural problems, previous fire damage, RFT sheathing, exposed and frayed wiring and adequate ventilation by vent, fan or window.</li> <li>If any of these deficiencies exist, condition the appraisal on their repair, mark "YES" in the VC and prepare the appraisal "as-repaired" subject to the satisfaction of the condition.</li> </ul>

### VC-8 Foundation Basement

Field	Protocol
Foundation/ Basement (Handbook Chapter 3-6 A.10)	<ul style="list-style-type: none"> <li>Examine the foundation/basement for inadequate access, dampness or readily observable evidence of significant water damage and readily observable cracks or erosion that effect structural soundness.</li> <li>The foundation/basement must have a vapor barrier.</li> <li>If these deficiencies exist, condition the appraisal on their repair, mark "YES" in the VC and prepare the appraisal "as-repaired" subject to the satisfaction of the condition.</li> </ul>

Field	Protocol
Crawl Space (Handbook Chapter 3-6 A.11)	<ul style="list-style-type: none"> <li>• Examine the crawl space for inadequate access, distance from floor joists to ground, insulation, ventilation and any other structural problems.</li> <li>• Access to the space should be clear. Enter the crawl space to observe conditions except when access is obstructed, when entry could damage the property or when dangerous and adverse situations are suspected. Access should be provided by the homeowner/seller.</li> <li>• The space should be adequate for maintenance and repair, typically greater than 18 inches.</li> <li>• The support beams should be intact and of structural soundness.</li> <li>• The space must not have excessive dampness or ponding of water. In houses where moisture is present, the problem must be corrected by installing a sump pump, correcting the exterior drainage or by providing proper cross-ventilation.</li> <li>• If any of these inadequacies exist, condition the appraisal on their repair, mark "YES" in the VC and prepare the appraisal "as-repaired" subject to the satisfaction of the condition.</li> </ul>

### VC-9 Roofing

Field	Protocol
Condition of Roofing (Handbook Chapter 3-6 A.12)	<ul style="list-style-type: none"> <li>• View the roof from ground level to determine if the integrity of the roof is sufficient.</li> <li>• Observe roof coverings, roof drainage systems, flashing, skylights, chimneys and roof penetrations and readily observable evidence of leakage or abnormal condensation on building components.</li> <li>• It is not necessary to observe attached accessories, including but not limited to solar systems, antennae and lightning arrestors.</li> <li>• Note if the roof covers the entire home, if the roof has been repaired or patched substantially, if the material used on the roof was suitable for the subject property and any other visible signs of deterioration resulting in holes, puddles, leakage, clogged or inadequate drains or missing sections.</li> <li>• If the subject property has a flat roof, note that an inspection is required, mark "YES" in the VC and prepare the appraisal "as-repaired" subject to the satisfaction of the condition.</li> <li>• Note any warranties still in effect and if the remaining physical life is at least two years.</li> <li>• If the roof will last less than two years, call for a new roof.</li> <li>• If a roof is completely snow-covered, re-inspect it later when weather permits.</li> <li>• Condition the appraisal on repair of any of the roof items, mark "YES" in the VC and prepare the appraisal "as-repaired" subject to the satisfaction of the condition.</li> </ul>

**VC-10 Mechanical Systems**

An appraiser must examine all mechanical, plumbing and electrical systems in the subject property to ensure that they are in proper working order. This examination entails turning on the applicable systems and observing their performance.

Field	Protocol
Inoperable systems due to weather conditions (Handbook Chapter 3-6 A.13)	<ul style="list-style-type: none"> <li>• Explain in VC-10</li> <li>• Condition the appraisal on repair and assumed functionality, mark "YES" in the VC and prepare the appraisal "as-repaired" subject to the satisfaction of the condition</li> </ul>
Furnace/Heating System and Air Conditioning (central) (Handbook Chapter 3-6 A.14)	<ul style="list-style-type: none"> <li>• Turn on the furnace/heating/air conditioning system to observe whether the system performs appropriately and that no unusual noises are heard, no odors or smoke are emitted indicating a defective unit, etc.</li> <li>• Note significant holes/deterioration on the unit</li> <li>• Determine whether there is an installed heat or cool-air source in each room by using the system's normal operating controls. It is not necessary to observe the uniformity of heat or cool-air to various rooms.</li> <li>• Unit shuts down prior to reaching desired temperature</li> <li>• In most instances it will be possible to activate the air conditioner in the winter and the heater in the summer. However, do not operate the systems if doing so may damage equipment or when outside temperatures will not allow system to operate.</li> <li>• Note any non-compliance with this condition and explain it in the VC form.</li> <li>• Turn on the hot water to ensure that the hot water heater is operating appropriately.</li> <li>• If these conditions exist, condition the appraisal on the repair of the condition, mark "YES" in the VC and prepare the appraisal "as-repaired" subject to satisfaction of the condition.</li> </ul>
Electrical System (Handbook Chapter 3-6 A.13)	<ul style="list-style-type: none"> <li>• Examine the electrical box to ensure that there are circuit breakers with no visible frayed wiring or exposed wires in living areas and that there is adequate amperage for the appliances present in the property.</li> <li>• If the appliances present at the time of the inspection do not appear to be reasonable (undersized), determine if there is adequate amperage to run "standard" appliances, as per municipal code.</li> </ul>

Field	Protocol
Electrical System (Handbook Chapter 3-6 A.13)	<ul style="list-style-type: none"> <li>• Ensure that the electrical switches and outlets operate properly. Operate a representative number of installed smoke detectors, lighting fixtures, switches and receptacles inside the house, garage and on exterior walls. Note presence of sparks or smoke from outlets.</li> <li>• It is not required to insert any tool, probe or testing device inside the panels, to test or operate any overcurrent or to dismantle any electrical device or control.</li> <li>• It is not required to observe telephone, security, cable TV, intercoms or other ancillary wiring.</li> <li>• If any of the above deficiencies exist, condition the appraisal on their repair, mark "YES" in the VC and prepare the appraisal "as-repaired" subject to the satisfaction of the condition.</li> </ul>
Plumbing System (Handbook Chapter 3-6 A.5)	<ul style="list-style-type: none"> <li>• Flush the toilets and turn on all faucets to determine that the plumbing system is intact, that it does not emit foul odors, that faucets function appropriately, that both cold and hot water run and that there is no readily observable evidence of leaks or structural damage under fixtures.</li> <li>• Turn on several cold water faucets in the house to check water pressure and flow. Flushing a toilet at the same time will also reveal any weaknesses in water pressure.</li> <li>• If the property has a septic system, inspect it for any signs of failure such as odor, rust or surface evidence of malfunction.</li> <li>• If any of the above deficiencies exist, condition the appraisal on their repair, mark "YES" in the VC and prepare the appraisal "as-repaired" subject to the satisfaction of the condition.</li> </ul>

### VC-11 Other Health and Safety Deficiencies

This chapter addresses the interior components of the subject property and the effect that their condition may have on the habitability and enjoyment of the property. The appraiser is not required to observe storm windows, storm doors, screens, shutters, awnings and similar seasonal accessories, fencing, garage door remote control transmitters, wallpaper, carpeting, draperies, blinds, household appliances or recreational facilities.

Field	Protocol
Other Health and Safety Deficiencies (Handbook Chapter 3-6 A.14)	<ul style="list-style-type: none"> <li>• Operate a representative number of windows, interior doors and all exterior and garage doors.</li> <li>• Verify that the electric garage door opener will automatically reverse or stop when met with reasonable resistance during closing.</li> <li>• Note and make a repair requirement for any health or safety deficiencies as they relate to the subject property, including broken windows/doors/steps, inadequate/blocked doors and steps without a handrail.</li> <li>• If any of the conditions exist, condition the appraisal on their repair, mark "YES" in the VC and prepare the appraisal "as-repaired" subject to the satisfaction of the condition.</li> </ul>



**VC-12 Lead-Based Paint Hazard**

Field	Protocol
Lead-Based Paint (Handbook Chapter 3-6 A.15)	<ul style="list-style-type: none"> <li>• If the home was built before 1978, note the condition of all defective paint surfaces and their location in the home.</li> <li>• Comment on the deterioration of painted surfaces of the subject property.</li> <li>• Inspect all interior and exterior surfaces, such as walls, stairs, deck porch, railing, windows or doors for defective (chipping, flaking or peeling) paint. (Exterior surfaces include surfaces on fences, detached garages, storage sheds and other outbuildings and appurtenant structures.)</li> <li>• If there is evidence of defective paint surfaces, condition the appraisal on their repair, mark "YES" in the VC and prepare the appraisal "as-repaired" subject to the satisfaction of the condition.</li> </ul>

**VC-13 Condominiums and Planned Urban Developments (PUD)**

If the subject property is located in a Planned Unit Development or condominium setting, it must be on FHA's approval list or accepted through reciprocity. The property should meet the owner-occupancy standards and completion standards defined below.

Field	Protocol
This project is not on FHA's approval list	<ul style="list-style-type: none"> <li>• Verify that the approval number exists. The lender must supply the approval number on the appraisal.</li> <li>• If the project is not approved, mark "YES" in the VC and condition the appraisal on this information.</li> </ul>
The property does not meet owner-occupancy standards	<ul style="list-style-type: none"> <li>• The project must be at least 51% owner-occupied.</li> <li>• If owner-occupancy rates are less than 51%, mark "YES" in the VC and condition the appraisal on this information.</li> </ul>
This property does not meet completion standards	<ul style="list-style-type: none"> <li>• The project must be at least 2/3 complete.</li> <li>• If completion rate is less than 2/3, mark "YES" in the VC and condition the appraisal on this information.</li> </ul>

**Radon.** Currently, HUD does not require radon testing of homes that are to be insured by this agency.

## Addenda

Field	Protocol
A. Assessed Market Value	<ul style="list-style-type: none"> <li>Enter the assessed market value in the VC addenda. (It varies by municipality but is entered only when the value is represented as current.) The total of all taxes should be included. Excessive taxes can have a negative effect and must be reflected in the value.</li> <li>If there is no method to relate the assessment to market value, such as for new construction, mark the assessed market "N/A".</li> </ul>
B. Estimated Repair Costs	<ul style="list-style-type: none"> <li>Quantify the costs associated with the repairs in the VC. These costs relate strictly to repair and not marketability.</li> <li>Use standard cost information, such as Marshall and Swift, in preparing the estimate.</li> </ul>

### D-3 HOMEBUYER SUMMARY

The Homebuyer Summary intends to protect the homebuyer by informing him/her of any material conditions that typically make the property ineligible for FHA mortgage insurance. If any of the VC's are marked "YES" in the VC form, the appraiser must denote it in the appropriate box of the Homebuyer Summary and explain, in detail, the nature of the problem. The lender is legally bound to address these problems before closing on the property.

Field	Protocol
Location Hazards	Mark "Y" under problem if any of the sections in VC-1 are marked "yes".
Soil Contamination	Mark "Y" under problem if any of the sections in VC-2 are marked "yes".
Grading and Drainage Problems	Mark "Y" under problem if any of the sections in VC-3 are marked "yes".
Well, Individual Water Supply and Septic Problems	Mark "Y" under problem if any of the sections in VC-4 are marked "yes".
Wood Destroying Insects	Mark "Y" under problem if any of the sections in VC-5 are marked "yes".
Private Road Access and Maintenance Problems	Mark "Y" under problem if any of the sections in VC-6 are marked "yes".
Structural Deficiencies	Mark "Y" under problem if any of the sections in VC-7 are marked "yes".
Foundation Deficiencies	Mark "Y" under problem if any of the sections in VC-8 are marked "yes".
Roofing Deficiencies	Mark "Y" under problem if any of the sections in VC-9 are marked "yes".
Mechanical Systems Problems	Mark "Y" under problem if any of the sections in VC-10 are marked "yes".
General Health and Safety Deficiencies	Mark "Y" under problem if any of the sections in VC-11 are marked "yes".
Deteriorated Paint	Mark "Y" under problem if any of the sections in VC-12 are marked "yes".

**Glossary of Terms**

**Component:** A readily accessible and observable construction element of a system, including a floor, wall, framing or roof construction that can be considered individually - but not individual pieces such as boards or nails.

**Dangerous or Adverse Situations:** Situations that pose a threat of injury and/or require the use of special protective clothing or safety equipment.

**Dismantle:** To take apart or remove any component, device or piece of equipment that is bolted, screwed or fastened by other means and that would not be taken apart by a homeowner for normal household maintenance.

**Household Appliance:** Kitchen and laundry appliances, room air conditioners and similar appliances.

**HVAC:** Heating, ventilation and air-conditioning system - one combined system or separate systems.

**Normal Operating Controls:** Devices used by homeowner in the operation of a system, such as a thermostat, wall switch or safety switch.

**Observe:** The act of making a visual examination.

**Operate:** To cause systems or equipment to function.

**Recreational Facilities:** Spas, saunas, steam baths, swimming pools, tennis courts, playground equipment and other exercise equipment, entertainment or athletic facilities.

**Representative Number:** For multiple identical components such as windows and electrical outlets, one such component per room. For multiple identical exterior components, one such component on each side of the building.

**Roof Drainage Systems:** Components used to carry water off a roof and away from a building such as gutters, downspouts, leaders, splashblocks.

**System:** A combination of interacting or interdependent components, assembled to carry out one or more functions.